Volatility in NSE and BSE

749. SHRI S.S. AHLUWALIA : Will the Minister of FINANCE be pleased to state:

(a) the details of volatility witnessed in the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in the recent past and the intra-day fluctuations during trading sessions for several days in middle of October, 2007 indicating instances of imposition of circuit-breakers by the stock exchanges;

(b) whether any probe conducted by regulators to ascertain the reasons which triggered major fluctuations on the respective days and also to identify the net gainers and losers among the investors and brokers consequent to such fluctuation;

(c) if so, the findings thereof; and

(d) if not, reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) The volatility has been as under:

Indices	Jul., 2007	Aug., 2007	Sept. 2007	Oct. 2007
Nifty	1.16	2.01	1.06	2.40
Sensex	1.07	1.96	1.04	2.29

Intra-day movement, that is, the High Low variation percentage in respect of Nifty ranged from 1.55% to 10.8% during October, 2007. It ranged from 1.26% to 8.86% in respect of Sensex during the same month.

The circuit breaker was applied on 17th October, 2007 when Nifty fell by 10%.

(b) to (d) The fluctuations in stock market is a function of the perception of investors—domestic and overseas, retail and institutional—about the economy, the sector and the company. This perception is influenced by many factors including the macro-economic environment, growth potential of the economy, corporate performance, domestic and international events, and market sentiments. The fluctuations in October, 2007 could be attributed, among others, to policy initiative relating to off shore derivative instruments, sub-prime crisis in the USA, interest rate cut by the US Fed, Yen carry trade, rise in oil prices, etc. The authorities do not generally react unless fluctuations are attributed to manipulation in the market. Stock Exchanges have, however, been directed by SEBI to analyse steep falls and rises in the market to detect untoward patterns or skewed concentration. Preliminary analysis by them does not reveal such findings.

Reining in inflation

750. SHRIMATI SUPRIYA SULE : Will the Minister of FINANCE be pleased to state:

(a) whether the Prime Minister had asked the Chief Ministers to play their role in reining in inflation;

(b) if so, whether the State Government of Maharashtra is yet to convene a meeting of the high power committee, appointed for the same purpose in September, 2006;

(c) if so, whether the Chief Minister of Maharashtra has considered an early meeting with the Prime Minister in this regard; and

(d) if so, what are the steps Maharashtra has taken in this regard and to what extent steps have been taken by Maharashtra to check inflation and price rise in the State?